

## Message Text

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ACTION TRSE-00

INFO OCT-01 EA-06 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

CIEP-01 SS-15 STR-01 OMB-01 CEA-01 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01

NEA-09 IO-10 L-02 H-01 PA-01 PRS-01 USIA-06 /094 W

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R 090833Z JAN 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 9687

INFO AMEMBASSY JAKARTA

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USADB

FOR NAC AGENCIES

E O 11652: ADS DECLASS 4-9-75

TAGS: EAID, EFIN, ID

SUBJ: INCREASE IN AUTHORIZED CAPITAL STOCK AND INCREASE  
IN CAPITAL SUBSCRIPTION OF INDONESIA

SUMMARY: GOVT OF INDONESIA HAS REQUESTED INCREASE IN  
ITS CAPITAL SUBSCRIPTION, WHICH WOULD INCREASE INDONESIA'S  
SHAREHOLDINGS FROM 2.7216 PERCENT TO 8.2172 PERCENT OF  
TOTAL SUBSCRIBED CAPITAL. PRESIDENT RECOMMENDS REQUEST  
BE ACCEPTED AND THAT BANK'S AUTHORIZED CAPITAL STOCK BE  
INCREASED TO COVER PROPOSED ADDITIONAL SUBSCRIPTION.  
BOARD OF DIRECTORS WILL CONSIDER ABOVE ACTION JAN 28.  
NAC GUIDANCE IS REQUESTED.

1. ADB DOC R-75 ON ABOVE SUBJECT POUCHED JAN 8. WILL BE  
CONSIDERED BY BOARD OF DIRECTORS JAN 28.

2. IN LETTER DATED OCT 22, 1974, GOVT OF INDONESIA  
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REQUESTED ADDITIONAL SUBSCRIPTION TO 13,750 SHARES OF

BANK'S CAPITAL STOCK, WHICH WOULD AMOUNT TO \$137.5 MILLION (IN 1966 USDOLLARS) AT PAR VALUE OF \$10,000 PER SHARE. PARA 3 OF ART 5 OF ADB CHARTER PROVIDES THAT BOARD OF GOVERNORS SHOULD PAY SPECIAL REGARD TO REQUESTS FOR CAPITAL INCREASES BY REGIONAL MEMBER WITH LESS THAN SIX PERCENT OF SUBSCRIBED CAPITAL. INDONESIA'S PRESENT SHARES TOTAL 6250 SHARES (COMPRISING 2500 SHARES OF ORIGINAL CAPITAL AND 3750 OF CAPITAL INCREASE), OR 2.7216 PERCENT OF TOTAL SUBSCRIBED CAPITAL OF 229,641 SHARES. WITH ADDITIONAL 13,750 SHARES, INDONESIA'S SHAREHOLDING WOULD REPRESENT 8.2172 PERCENT OF TOTAL SUBSCRIBED CAPITAL.

3. IN AGGREGATE, SHAREHOLDINGS OF MEMBERS CONTRIBUTIONS TO ORIGINAL CAPITAL SUBSCRIPTION AND CAPITAL INCREASE COMPRISE 32 PERCENT PAID-IN SHARES AND 68 PERCENT CALLABLE SHARES. OF PAID-IN PORTION 46.25 PERCENT IS PAYABLE IN GOLD OR CONVERTIBLE CURRENCY AND 53.75 PERCENT IN NATIONAL CURRENCY. BANK RECOMMENDS (AND INDONESIA IS AGREEABLE TO) APPLYING SAME PROPORTIONS TO INDONESIA'S PROPOSED ADDITIONAL SUBSCRIPTION, WHICH IS SAME BASIS USED FOR KOREA'S 1973 CAPITAL INCREASE. THUS, THERE WOULD BE 4400 PAID-IN SHARES AND 9350 CALLABLE SHARES (EQUIVALENT TO \$44.0 MILLION AND \$93.5 MILLION RESPECTIVELY), WITH \$20.35 MILLION OF PAID-IN PORTION PAYABLE IN GOLD OR CONVERTIBLE CURRENCY AND \$23.65 MILLION PAYABLE IN INDONESIAN RUPIAHS. SUBSCRIPTION PAYMENTS WOULD BE IN FOUR EQUAL ANNUAL INSTALLMENTS, I.E., SIMPLE AVERAGE OF TWO PAYMENTS PERIODS UNDER ORIGINAL CAPITAL SUBSCRIPTION AND CAPITAL INCREASE.

4. TO MEET PROPOSED ADDITIONAL SUBSCRIPTION, BANK PURPOSES TO INCREASE AUTHORIZED CAPITAL, AS NO PORTION OF PRESENT UNSUBSCRIBED AUTHORIZED CAPITAL IS AVAILABLE FOR THIS PURPOSE. ATTACHED TO DOC R1-75 IS DRAFT REPORT OF BOARD OF DIRECTORS TO GOVERNORS RECOMMENDING (A) INCREASE IN BANK'S AUTHORIZED CAPITAL BY 13,750 SHARES AND (B) ACCEPTANCE OF INDONESIA'S APPLICATION FOR CAPITAL INCREASE ON TERMS AND CONDITIONS MENTIONED ABOVE AND SPELLED OUT IN DRAFT RESOLUTION. CABLE VOTE OF GOVERNORS LIMITED OFFICIAL USE

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WOULD BE REQUESTED ON OR BEFORE 30 DAYS AFTER DATE ON WHICH PRESIDENT TRANSMITS TEXT OF RESOLUTION TO GOVERNORS. NAC GUIDANCE IS REQUESTED.  
SULLIVAN

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## Message Attributes

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**Channel Indicators:** n/a  
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**TAGS:** EAID, EFIN, ID  
**To:** STATE  
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